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## REMARKS

In an Office Action dated 14 December 2006, the Examiner rejects all pending claims 1-16, 28, and 30 under 35 U.S.C. §101 as allegedly being directed to non-statutory subject matter.

Herein, pending claims 1-11, 13, 14, 16, and 30 are cancelled. Previously withdrawn claims 17-27 and 29 are also cancelled. Claims 12, 15, and 28 are amended, and claims 31-41 are newly added. This leaves claims 12, 15, 28, and 31-41 which, as will be discussed, comply with §101 and are allowable to Applicant.

The present claim amendment is offered pursuant to an in-person interview conducted at the Office on 06 June 2007 between the undersigned Applicant's attorney, Mr. Jorgen Moller (the Applicant's Danish and European representative), and the Examiner. During the interview, the substance of claim 12 was discussed, along with the outstanding §101 rejection, and U.S. Patent No. 5,555,306 to Gerzon which is included in a co-filed Information Disclosure Statement. Applicant proposed the current amendment and agreement was reached that such amendment overcomes the outstanding §101 issue and patentably distinguishes the claim from Gerzon.

Concerning Gerzon, the reference does not teach or suggest a method of processing audio signals, as recited in amended claim 12, where the audio signals comprise "a first sub-signal and a second sub-signal, each of said sub-signals comprising N components, each of said N components representing a direction" and wherein the "sub-signals are added to form a sum-signal comprising N sum-components, each of said sum-components being the sum component of components of said first and second sub-signals representing corresponding directions." To the contrary, Gerzon concerns an early reflection simulator that establishes a single channel comprising a sum of simulations of early reflections. See, e.g., Figure 4 of Gerzon and related text. However, directional information involved with a true representation of early reflections is simply not provided. Thus the reference fails to teach or suggest at least the above-quoted limitations of claim 12.

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For at least these reasons, claim 12 satisfies the provisions of §§101-103 and is thus allowable to Applicant. The remaining claims 15, 28, and 31-41 variously depend from claim 1 and thus correspondingly satisfy §§101-103 and are accordingly allowable to Applicant. Reconsideration and withdrawal of the outstanding rejections and allowance of the application are respectfully requested.

No new matter is added by way of the present Amendments as support is found throughout the originally filed specification, claims and drawings.

The Examiner is invited to contact Applicant's attorney at the below-listed phone number regarding this Response or otherwise concerning the present application.

Applicant hereby petitions for any necessary extension of time required under 37 C.F.R. §§1.136(a) or 1.136(b) which may be required for entry and consideration of the present Reply.

If there are any charges due with respect to this Amendment or otherwise, please charge them to Deposit Account No. 06-1130 maintained by Applicant's attorneys.

Respectfully submitted,

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